

Message Text

CONFIDENTIAL

PAGE 01 STATE 236247

60

ORIGIN SS-25

INFO OCT-01 ISO-00 SSO-00 CCO-00 NSCE-00 /026 R

DRAFTED BY EUR/WE:RPGALLAGHER:JKB

APPROVED BY EUR - WSTABLER

EUR/RPE - DLAMB

SCI/AE - JLBLOOM

C - NTERRELL

S/S - JPMOFFAT

EB - MCUNLIFFE

PM/NPO: GOPLINGER

----- 130584

O 260053Z OCT 74 ZFF4

FM SECSTATE WASHDC

TO AMEMBASSY MOSCOW IMMEDIATE

INFO AMEMBASSY ROME IMMEDIATE

C O N F I D E N T I A L STATE 236247

EXDIS TOSEC 193

E.O. 11652: GDS

TAGS: TECH, IT

SUBJECT: POSSIBLE APPROACH TO SECRETARY ON ITALIAN NUCLEAR
REACTOR PROGRAM

REF: ROME 14689 (EXDIS)

1. BRIEFING MEMORANDUM
2. TO THE SECRETARY
3. FROM: THE ACTING ASSISTANT SECRETARY FOR EUROPEAN
AFFAIRS WELLS STABLER
4. SUBJECT: ITALIAN NUCLEAR REACTOR PROGRAM

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 STATE 236247

5. ANALYSIS/BACKGROUND

6. -- ITALY SEEKS TO DEVELOP A LARGE NUCLEAR POWER PROGRAM TO EASE ITS ALMOST TOTAL DEPENDENCY ON IMPORTED OIL AND THE CONCURRENT BALANCE OF PAYMENTS OIL DEFICIT, WHICH WILL REACH \$7 BILLION IN 1974.

7. -- WITH ITALIAN PRESIDENT LEONE AS THE INTERMEDIARY, ANGELINI, PRESIDENT OF ENEL (THE ITALIAN STATE ELECTRICAL

COMPANY), PLANS TO ASK YOUR HELP IN OBTAINING EXIMBANK FINANCING FOR NUCLEAR FACILITIES. THE ITALIANS HAVE NOT ASKED US TO ARRANGE AN APPOINTMENT FOR ANGELINI WITH YOU.

8. -- EMBASSY ROME REPORTS THAT ANGELINI SPOKE BRIEFLY TO PRESIDENT FORD DURING THE WORLD ENERGY CONFERENCE IN DETROIT IN SEPTEMBER. ACCORDING TO ANGELINI, PRESIDENT FORD SUGGESTED THAT ANGELINI DISCUSS THE ITALIAN NUCLEAR PROGRAM WITH YOU.

9. -- EMBASSY ROME TOLD ANGELINI THAT EXIMBANK IS IN A LESS FLEXIBLE POSITION, AT LEAST IN THE SHORT RUN, WITH DEMANDS FOR CREDIT EXCEEDING RESOURCES. ANGELINI AGREED WITH EMBASSY ROME'S SUGGESTION THAT DIRECT DISCUSSIONS BETWEEN ENEL AND EXIMBANK WAS THE NEXT MOST LOGICAL AND DESIRABLE STEP. THE ITALIANS HAVE NOT FORMALLY CONTACTED EXIMBANK YET.

10. -- DURING HIS SEPTEMBER 25 MEETING WITH YOU AT BLAIR HOUSE, LEONE ASKED IF US TECHNOLOGICAL RESOURCES COULD HELP ITALY FIND OTHER SOURCES OF ENERGY. YOU REPLIED THAT IN PRINCIPLE WE WERE PREPARED TO DO SO AND THAT THIS WAS THE SENSE OF THE ENERGY CONFERENCE. YOU NOTED THAT AT PRESENT PRICES THERE IS NOTHING TO DO AND THAT WE HAVE NO DETAILED PROGRAM. (LEONE THEN CHANGED THE SUBJECT TO INDUCING FURTHER US INVESTMENT INTO ITALY. YOU NOTED WE HAD TO STUDY THE PROBLEM BUT IN PRINCIPLE WE WERE SYMPATHETIC. WE ARE NOW DISCUSSING THE PROBLEM IN STATE.)

11. -- DURING LEONE'S BLAIR HOUSE MEETING WITH SECRETARY DENT, THE ITALIAN PRESIDENT SAID ITALY WOULD BE LOOKING CONFIDENTIAL

CONFIDENTIAL

PAGE 03 STATE 236247

FORWARD TO US HELP IN CONNECTION WITH FOUR NUCLEAR POWER PLANTS. SECRETARY DENT REPLIED THAT WE WOULD BE HAPPY TO COOPERATE AND SPECIFICALLY REFERRED TO THE ROLE OF THE MAJOR PROJECTS STAFF IN THE DEPARTMENT OF COMMERCE. LEONE SAID THE MATTER WOULD BE DEVELOPED FURTHER BY THE ITALIAN EMBASSY IN WASHINGTON. PROJECTS STAFF NOT YET CONTACTED.

12. -- ITALIAN SUPPLIER CREDIT NEEDS FOR FOUR NUCLEAR

POWER PLANTS TOTAL AROUND \$450 MILLION. MORE CREDITS WILL BE NECESSARY IF LOCAL COST FINANCING IS INVOLVED.

13. -- ITALY HAS LITTLE POSSIBILITY OF RESTRAINING OR REDUCING ITS DEPENDENCY ON IMPORTED OIL UNLESS IT OBTAINS A MASSIVE NUCLEAR POWER PROGRAM.

14. -- MICHAEL KOBELINSKI, AN EXIMBANK DIRECTOR, WILL BE IN ROME NOV. 6-9 TO ATTEND THE WORLD FOOD CONFERENCE. WE ARE NOT AWARE OF ANY PLANS HE HAS FOR BILATERAL DISCUSSIONS

WITH THE ITALIANS.

15. ITALIAN POSITION

16. -- ENEL AND ITALY ARE DEPENDENT ON SUPPLIER FINANCING FOR THE NUCLEAR POWER PLANTS AND PREFER TO BUY US.

17. -- ITALY IS AWARE OF EXIMBANK'S CREDIT RESTRAINTS AND SEEKS A SYMPATHETIC, POSITIVE RESPONSE AS A FRIEND AND ALLY.

18. US POSITION

19. -- ALTHOUGH EXIMBANK'S PRESENT SITUATION MAKES FINANCING DIFFICULT, IT IS IN OUR LONG-TERM POLITICAL AND ECONOMIC INTEREST TO BE IN ON THE EARLY STAGES OF THIS NUCLEAR PROGRAM.

20. -- ASSISTANCE TO THE ITALIAN NUCLEAR PROGRAM WOULD:

A) GIVE CONTENT TO THE US CALL FOR INTERNATIONAL COOPERATION TO REDUCE OIL CONSUMPTION;
CONFIDENTIAL

CONFIDENTIAL

PAGE 04 STATE 236247

B) PROVIDE EVIDENCE OF OUR ASSURANCES THAT THE US IS PREPARED TO ASSIST ITALY IN ITS ECONOMIC DIFFICULTIES; AND

C) DEMONSTRATE FAVORABLE TREATMENT TO NPT PARTIES -- IF ITALY PROMPTLY RATIFIES THE TREATY -- AND THUS SUPPORT OVERALL US NON-PROLIFERATION OBJECTIVES

21. YOUR TALKING POINTS

22. -- WE ARE AWARE OF ITALY'S NEED FOR AN ENORMOUS NUCLEAR POWER PLANT PROGRAM TO EASE ITS DEPENDENCY ON IMPORTED OIL.

23. -- WE WELCOME ITALY'S DESIRE TO BUY FROM THE US AND

ARE SYMPATHETIC TO ITALY'S NEED FOR SUPPLIER CREDITS.

24. -- GIVEN THE CURRENT TIGHTNESS OF CREDIT FACILITIES, IT WOULD BE BEST FOR ENEL TO INITIATE DISCUSSIONS WITH EXIMBANK IN ORDER TO IDENTIFY ALL THE TECHNICAL AND FINANCIAL ISSUES INVOLVED.

25. -- WE WOULD WELCOME PROMPT ITALIAN RATIFICATION OF THE NPT. THIS WOULD HELP REMOVE POTENTIAL LEGAL AND POLITICAL OBSTACLES TO OUR FULLEST POSSIBLE COOPERATION. (PLEASE SEE YOUR ISSUES/TALKING POINTS: NPT AND RELATED MATTERS FOR MORE DETAILS.) INGERSOLL

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: POLICIES, ECONOMIC ASSISTANCE, NUCLEAR REACTORS
Control Number: n/a
Copy: SINGLE
Draft Date: 26 OCT 1974
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: shawdg
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974STATE236247
Document Source: CORE
Document Unique ID: 00
Drafter: RPGALLAGHER:JKB
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D740306-0286
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19741013/aaaaakpl.tel
Line Count: 181
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN SS
Original Classification: CONFIDENTIAL
Original Handling Restrictions: EXDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: EXDIS
Reference: ROME 14689 (EXDIS)
Review Action: RELEASED, APPROVED
Review Authority: shawdg
Review Comment: n/a
Review Content Flags:
Review Date: 22 MAY 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <22 MAY 2002 by martinml>; APPROVED <12 MAR 2003 by shawdg>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: POSSIBLE APPROACH TO SECRETARY ON ITALIAN NUCLEAR REACTOR PROGRAM
TAGS: TECH, IT, (KISSINGER, HENRY)
To: MOSCOW
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005